



**UNIVERSITY OF DELAWARE**

Statements of State of Delaware General, Capital Improvement, and Agency  
Funds Appropriated, Received, and Expended, and Supplementary Data

June 30, 2005

(With Independent Auditors' Reports Thereon)

# UNIVERSITY OF DELAWARE

## Table of Contents

	Page
Independent Auditors' Report	1
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	3
Statement of State of Delaware General Funds Appropriated, Received and Expended	4-5
Statement of State of Delaware Capital Improvement Funds Appropriated, Received and Expended	6
Statement of State of Delaware Agency Funds Appropriated, Received and Expended	7
Notes to Statements of State of Delaware General Funds Appropriated, Received and Expended, State of Delaware Capital Improvement Funds Appropriated, Received and Expended; and State of Delaware Agency Funds Appropriated Received and Expended <sup>3</sup>	8
Schedule 1: State of Delaware Appropriated Funds Current Funds Expenditures	9
Schedule 2: State of Delaware Appropriated Funds Current Funds Expenditures by Function	10-11
Schedule 3: State of Delaware Appropriated Funds Capital Improvement Appropriations	12



KPMG LLP  
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## Independent Auditors' Report

The Board of Trustees  
University of Delaware:

We have audited the statement of State of Delaware general funds appropriated, received, and expended; the statement of State of Delaware capital improvement funds appropriated, received and expended; and the statement of State of Delaware agency funds appropriated, received and expended of the University of Delaware for the year ended June 30, 2005. These financial statements are the responsibility of the University of Delaware's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The statement of State of Delaware general funds appropriated, received and expended; the statement of State of Delaware capital improvement funds appropriated, received and expended; and the statement of State of Delaware agency funds appropriated, received and expended were prepared on the basis of cash receipts and disbursements and in accordance with the procedures of the State of Delaware, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the appropriated general, capital improvement and agency funds received from the State of Delaware and the expenditures therefrom by the University of Delaware for the year ended June 30, 2005, on the basis of accounting described in the preceding paragraph.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2005, on our consideration of the University of Delaware's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information for the year ended June 30, 2005, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in the second preceding paragraph.

KPMG LLP

October 10, 2005



KPMG LLP  
1601 Market Street  
Philadelphia, PA 19103-2499

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

The Board of Trustees  
University of Delaware:

We have audited the financial statements of the University of Delaware (the University) as of and for the year ended June 30, 2005, and have issued our report thereon dated October 10, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the University in a separate letter dated October 10, 2005.

This report is intended for the information and use of the Board of Trustees and management of the University of Delaware, pass-through entities, and the Governor, Attorney General, Controller General, Budget Director, Department of Finance and the Auditor of Accounts of the State of Delaware, and is not intended to be and should not be used by anyone other than these specified parties. However, under Del C., Section 10002(d), this report is a public record and its distribution is not limited.

KPMG LLP

October 10, 2005

**UNIVERSITY OF DELAWARE**  
**Statement of State of Delaware General Funds Appropriated, Received and Expended**  
**Year ended June 30, 2005**

	Cash Balance on hand at beginning of year	Appropriations Received (b)	Expended	Returned to State of Delaware	Cash Balance on hand at end of year
<b>Current funds:</b>					
<b>Government appropriations - State:</b>					
General Operations	\$ 1,111,200 (a)	87,522,400	88,633,600	-	-
Information Technology Partnership	-	2,387,600	2,387,600	-	-
Title VI Compliance	-	1,484,700	1,484,700	-	-
Cooperative Extension	-	928,700	928,700	-	-
Agricultural Experimental Station	-	624,400	624,400	-	-
Math/Science Education for Delaware Teachers	-	580,900	580,900	-	-
Poultry Disease Research	-	561,900	561,900	-	-
Advanced Electronics & Materials Initiative	-	555,500	555,500	-	-
Sea Grant Program	-	521,800	521,800	-	-
Agricultural Research & Education Center	-	516,900	516,900	-	-
Biotechnology	-	490,200	490,200	-	-
Molecular Biology/Biotechnology Program	-	467,800	467,800	-	-
Public Service Assistantships	-	422,500	422,500	-	-
Delaware Center for Teacher Education	-	327,500	327,500	-	-
Core Content Teacher Education	-	298,100	298,100	-	-
Crop Extension	-	286,400	286,400	-	-
Soil Testing/Pesticide Control	-	283,300	283,300	-	-
Minority Recruitment	-	273,500	273,500	-	-
Nurse Practitioner	-	251,800	251,800	-	-
Center for Community Development & Family Policy	-	245,200	245,200	-	-
Biotechnology Institute	-	243,300	243,300	-	-
Clinical Instruction in Teacher Education	-	223,400	223,400	-	-
Local Government Research	-	223,400	223,400	-	-
Delaware Education Research/Development Center	-	221,700	221,700	-	-
Early Learning Center	-	200,000	200,000	-	-
Agricultural Environmental Quality	-	190,200	190,200	-	-
Advanced Materials	-	190,100	190,100	-	-
Delaware Research Scholars Program	-	150,000	150,000	-	-
Science Engineering & Technology Service Program	-	146,800	146,800	-	-
Diagnostic Poultry Service	-	144,600	144,600	-	-
Student Employment Program	-	136,900	136,900	-	-
Urban Agent Program	-	126,500	126,500	-	-
Software Licenses Support	-	125,000	125,000	-	-
Milford Professional Development School	-	110,700	110,700	-	-
Educational Management & Government Training	-	110,200	110,200	-	-
Early Childhood Education	-	106,800	106,800	-	-
Civics Education for Teachers	-	100,000	100,000	-	-
Computer Aided Arts & Science Instruction	-	100,000	100,000	-	-
The College School	-	85,600	85,600	-	-
Research on School Finance Issues	-	84,800	84,800	-	-
Computer Aided Math Instruction	-	80,000	80,000	-	-
Mals/Bals - Southern Delaware	-	66,000	66,000	-	-
ITV Technician	-	56,800	56,800	-	-
Library Automation	-	52,000	52,000	-	-
Associate in Arts Degree	-	51,500	51,500	-	-
Study Abroad	-	50,000	50,000	-	-
Assistant Women's Lacrosse Coach	-	43,100	41,756	1,344	-
Medical Technology Program	-	39,100	39,100	-	-
Graduate Education - Southern Delaware	-	34,800	34,800	-	-
Athletics - Field Hockey	-	34,000	34,000	-	-
	\$ 1,111,200	102,558,400 (b)	103,668,256	1,344	-

(Continued)

**UNIVERSITY OF DELAWARE**  
**Statement of State of Delaware General Funds Appropriated, Received and Expended**  
**Year ended June 30, 2005**

	Cash Balance on hand at beginning of year	Appropriations Received	(b)	Expended	Returned to State of Delaware	Cash Balance on hand at end of year
Government appropriations - State scholarships:						
General Scholarships	\$ -	2,619,200		2,619,200	-	-
Scholarship Fund	-	1,994,700		1,994,700	-	-
Aid to Needy Students	-	1,653,400		1,653,400	-	-
Delaware Scholars Program	-	200,000		200,000	-	-
Academic Incentive Program	-	114,600		114,600	-	-
	-	6,581,900		6,581,900	-	-
Grand total current funds	\$ 1,111,200	109,140,300	(b)	110,250,156	1,344	-

**Notes:**

(a) The cash balance on hand at the beginning of the year in General Operations appropriation represents a one-time salary supplement appropriation in the amount of \$1,111,200 that was expended in July of 2004.

(b) In addition to general appropriated funds received, the State of Delaware provided 60% of Worker's Compensation insurance coverage for the University with an estimated premium value of \$654,600. The State of Delaware also provided auto, fire and other insurance coverage with an estimated premium value of \$786,000.

**UNIVERSITY OF DELAWARE**  
**Statement of State of Delaware Capital Improvement Funds Appropriated, Received and Expended**  
**Year ended June 30, 2005**

	Cash Balance on hand at beginning of year	Appropriations Received	Expended	Returned to State of Delaware	Cash Balance on hand at end of year
<b>Plant funds - capital improvements:</b>					
Act of 2004	\$ 13,534	-	13,534	-	-
Act of 2005	-	8,800,000	8,672,873	-	127,127
 <b>Grand total plant funds</b>	 \$ 13,534	 8,800,000	 8,686,407	 -	 127,127

See accompanying notes to financial statements.



**UNIVERSITY OF DELAWARE**

**Statement of State of Delaware Agency Funds Appropriated, Received and Expended  
Year ended June 30, 2005**

	Cash Balance on hand at beginning of year	Appropriations Received	Expended	Returned to State of Delaware	Cash Balance on hand at end of year
<b>Delaware Geological Survey - 2004/2005:</b>					
Salaries and Wages	\$ -	1,085,545	1,085,545	-	-
Travel	-	10,246	10,246	-	-
Supplies and expense	-	78,048	76,737	-	1,311
Capital outlay	-	-	-	-	-
Federal cooperative program	-	45,861	45,861	-	-
Rivermaster program	37,124	83,000	95,477	4,624	20,023
State Boundaries	2,289	-	-	-	2,289
New Vehicle	-	16,500	14,998	-	1,502
Datamill	-	75,200	74,744	-	456
	<u>\$ 39,413</u>	<u>1,394,400</u>	<u>1,403,608</u>	<u>4,624</u>	<u>25,581 (a)</u>

The Delaware Geological Survey is a separate State agency under the general charge and direction of the University of Delaware, and therefore, the Delaware Geological Survey appropriations are not included in the Statement of State of Delaware General Funds Appropriated, Received and Expended.

**Notes:**

- (a) At June 30, 2005 the ending balance consisted of \$2,289 in funds that are to be carried over for the State Boundaries Program, and \$23,292 in encumbered funds.

## UNIVERSITY OF DELAWARE

Notes to the Statements of State of Delaware General Funds Appropriated, Received and Expended;  
State of Delaware Capital Improvement Funds Appropriated, Received and Expended; and  
State of Delaware Agency Funds Appropriated, Received and Expended

June 30, 2005

### (1) Summary of Significant Accounting Policies

#### (a) *Basis of Presentation*

The statement of State of Delaware general funds appropriated, received and expended; the statement of State of Delaware capital improvement funds appropriated, received and expended; and the statement of State of Delaware agency funds appropriated, received and expended by the University of Delaware were prepared on the cash basis of accounting, and accordingly, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

## UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds  
Current Funds Expenditures  
Year ended June 30, 2005

## Educational and General:

Instruction	\$ 44,038,713
Research	5,721,373
Public Service	4,448,066
Academic Support	16,479,689
Student Services	3,286,691
Operation and Maintenance of Plant	17,207,042
Institutional Support	10,419,957
Student Aid - Scholarships	6,581,900
Title VI Compliance Scholarships	1,466,700
Public Service Assistantships	422,500
Student Employment Program	127,525
Study Abroad - Delaware Residents	<u>50,000</u>

Total	\$ <u>110,250,156</u>
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## UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds  
 Current Funds Expenditures by Function  
 Year ended June 30, 2005

	Total	Wages and Benefits	Other
<b>Educational and General:</b>			
<b>Instruction:</b>			
College of Agriculture and Natural Resources	\$ 1,885,960	1,833,266	52,694
College of Arts and Science	14,734,246	14,545,202	189,044
Lerner College of Business and Economics	1,342,999	1,342,999	-
College of Human Services, Education and Public Policy	6,306,492	5,867,576	438,916
College of Engineering	2,223,215	2,223,000	215
College of Health & Nursing Sciences	3,284,087	3,284,051	36
Intercollegiate Athletics and Recreation Services	140,580	140,580	-
Division of Professional and Continuing Studies	535,499	507,031	28,468
Special Instructional Projects	3,757,897	3,331,378	426,519
Fringe Benefits	9,245,042	9,245,042	-
One-Time Salary Supplement	582,696	582,696	-
	<u>44,038,713</u>	<u>42,902,821</u>	<u>1,135,892</u>
<b>Research:</b>			
Experimental Station	2,446,102	2,445,982	120
Agricultural Experimental Station	624,400	218,884	405,516
Sea Grant Program	521,800	518,690	3,110
Agricultural Research & Ed Center	492,840	326,683	166,157
Poultry Disease Research	561,900	340,648	221,252
Delaware Education Research & Development Center	221,700	189,256	32,444
Fringe Benefits	840,559	840,559	-
One-Time Salary Supplement	12,072	12,072	-
	<u>5,721,373</u>	<u>4,892,774</u>	<u>828,599</u>
<b>Public Service:</b>			
Agricultural Extension Service	2,176,100	2,040,362	135,738
Agricultural Environmental Quality	190,200	168,008	22,192
Soil Testing/Pesticide Control	283,301	264,137	19,164
Public Policy	1,311,695	1,227,028	84,667
Fringe Benefits	479,182	479,182	-
One-Time Salary Supplement	7,588	7,588	-
	<u>4,448,066</u>	<u>4,186,305</u>	<u>261,761</u>
<b>Academic Support:</b>			
Library	8,012,633	5,434,262	2,578,371
University Media Services	1,727,132	1,727,132	-
Student Special Services	204,643	204,643	-
Coordinator of Research	220,909	220,909	-
Publications Office	240,100	240,100	-
College Administration	1,977,365	1,977,199	166
Office of Vice Provost for Academic Programs & Planning	515,110	515,110	-
Fringe Benefits	3,509,149	3,509,149	-
One-Time Salary Supplement	72,648	72,648	-
	<u>\$ 16,479,689</u>	<u>13,901,152</u>	<u>2,578,537</u>

(Continued)

## UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds  
Current Funds Expenditures by Function  
Year ended June 30, 2005

	Total	Wages and Benefits	Other
<b>Student Services:</b>			
Student Life	\$ 740,492	740,492	-
Admissions and Financial Aid (a)	624,087	596,712	27,375
University Registrar	465,904	465,904	-
Counseling and Student Development	73,818	73,818	-
Employee Relations	64,040	64,040	-
The MBNA Career Services Center	365,075	365,075	-
Foreign Student & Scholar Services	84,127	84,127	-
Fringe Benefits	821,380	821,380	-
One-Time Salary Supplement	47,768	47,768	-
	<u>3,286,691</u>	<u>3,259,316</u>	<u>27,375</u>
<b>Operation and Maintenance of Plant:</b>			
Administration and Supervision	324,797	324,690	107
Building Services	3,850,956	3,850,956	-
Repairs and Maintenance	5,111,533	5,062,473	49,060
Central Plant Operations	2,699,090	325,190	2,373,900
Grounds Services	1,296,946	1,296,946	-
Fringe Benefits	3,732,116	3,732,116	-
One-Time Salary Supplement	191,604	191,604	-
	<u>17,207,042</u>	<u>14,783,975</u>	<u>2,423,067</u>
<b>Institutional Support:</b>			
Office of Executive Vice President and University Treasurer	1,395,548	1,395,548	-
Office of Vice President for Administration	1,045,064	1,045,064	-
Office of Vice President for Information Technologies	2,063,193	1,938,193	125,000
University Provost	36,977	36,977	-
Public Safety	1,613,764	1,613,764	-
Supporting Services	662,852	662,852	-
Occupational Health and Safety	288,819	288,819	-
Facilities Planning & Construction	86,776	86,776	-
Institutional Research & Planning	296,957	296,957	-
Other General Institutional Expense	149,957	149,957	-
Fringe Benefits	2,583,226	2,583,226	-
One-Time Salary Supplement	196,824	196,824	-
	<u>10,419,957</u>	<u>10,294,957</u>	<u>125,000</u>
<b>Student Aid - Scholarships</b>	<b>6,581,900</b>	<b>-</b>	<b>6,581,900</b>
Title VI Compliance Scholarships	1,466,700	-	1,466,700
Public Service Assistantships	422,500	422,500	-
Student Employment Program	127,525	127,525	-
Study Abroad - Delaware Residents	50,000	-	50,000
	<u>8,648,625</u>	<u>550,025</u>	<u>8,098,600</u>
<b>Total Educational and General</b>	<b>\$ 110,250,156</b>	<b>94,771,325</b>	<b>15,478,831</b>

## Note:

(a) Includes \$18,000 of Title VI Compliance and \$9,375 of Student Employment Program administrative expenditures.

See Independent Auditor's Report

**UNIVERSITY OF DELAWARE**  
**State of Delaware Appropriated Funds**  
**Capital Improvement Appropriations**  
**Year ended June 30, 2005**

<u>Capital Improvements</u>	<u>Original</u> <u>Appropriations</u>	<u>(a)</u> <u>Appropriations</u> <u>expended during</u> <u>the year ended</u> <u>June 30, 2005</u>	<u>Appropriations</u> <u>expended to</u> <u>June 30, 2005</u>	<u>Returned to</u> <u>State of</u> <u>Delaware</u>	<u>Unexpended</u> <u>appropriations at</u> <u>June 30, 2005</u>	<u>(b)</u>
<u>Act of 2004</u>						
UD Research/Education Linear Irrigation	\$ 100,000	13,534	100,000	-	-	
	100,000	13,534	100,000	-	-	
<u>Act of 2005</u>						
Wolf Hall	4,000,000	4,000,000	4,000,000	-	-	
Carvel Research & Education Center	2,000,000	2,000,000	2,000,000	-	-	
Brown Lab	1,000,000	922,591	922,591	-	77,409	
MCI/Equipment Supplemental	1,000,000	750,282	750,282	-	249,718	
MCI/Equipment Reallocation	1,000,000	1,000,000	1,000,000	-	-	
	9,000,000	8,672,873	8,672,873	-	327,127	
\$	9,100,000	8,686,407	8,772,873	-	327,127	(b)

**Notes:**

(a) Appropriated funds for capital improvements does not include \$8,611 of interest earned by the University on capital improvement funds temporarily invested during the year ended June 30, 2005. The University paid to the State of Delaware \$1,934 and has a payable to the State of Delaware of \$6,677.

(b) Unexpended appropriations at June 30, 2005, consist of appropriations from the State of Delaware of \$127,127 and appropriations receivable from the State of Delaware of \$200,000.

See Independent Auditor's Report